Supreme Court, U.S.
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No. 06-133

In the Supreme Court of the United States

ATHLETIC ALTERNATIVES, INC.,

PETITIONER,

v.

BENETTON TRADING USA, INC.,

RESPONDENT

ON PETITION FOR WRIT OF CERTIORARI
TO THE UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

BRIEF IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI

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PARTIES TO THE PROCEEDINGS AND RULE 29.6 STATEMENT

There are no parties to the proceedings other than those listed in the caption.

The parent companies and any publicly held corporation that owns 10% or more of the stock of Benetton Trading USA, Inc. are Benetton International S.A., whose ultimate parent is Benetton Group SpA, a publicly held corporation.

TABLE OF CONTENTS

PARTIES TO THE PROCEEDINGS AND RULE 29.6 STATEMENT i

TABLE OF AUTHORITIES iv

INTRODUCTION 1

PERCEIVED MISSTATEMENTS OF FACT 2

A. AAI's Failure To Serve A Jury Demand 2

B. Preparation Of Benetton's Technical Expert 4

C. Other Factual Assertions 6

PROCEEDINGS BELOW 6

SUMMARY OF ARGUMENT 7

ARGUMENT 8

A. AAI' First Question Is Based On Fictitious Facts And Raises Issues Not Raised Below 8

B. There Are No Compelling Reasons For Granting Certiorari In This Case 10

C. The Jury Issue Is Academic 11

D. AAI's Request For An Advisory Opinion 12

CONCLUSION 13

APPENDIX L – AAI's Response In Opposition To Motion To Strike Athletic Alternative, Inc.'s Demand For Jury Trial And Motion For Jury Trial..... 108a

APPENDIX M – Reply By Defendant, Prince Sports Group, Inc. In Support Of Its Summary Judgment Motion And Opposition To Cross Motion For Summary Judgment (excerpts) 114a

APPENDIX N – Second Corrected Appellant's Opening Brief (excerpts) 117a

TABLE OF AUTHORITIES

CASES

Adickes v. Kress & Co., 398 U.S. 144 (1970) 9

Delta Air Lines, Inc. v. August, 450 U.S. 346 (1981) 9

Flast v. Cohen, 392 U.S. 83 (1968) 12

Heller v. Doe, 509 U.S. 312 (1993) 10

Johnson v. Ivac Corp., 885 F.2d 1574 (Fed. Cir. 1989) 9

Markman v. Westview Instruments, 517 U.S. 370 (1996) .. 12

Minco, Inc. v. Combustion Engineering, Inc.,
95 F.3d 1109 (Fed. Cir. 1996) 6

Pennsylvania Department of Corrections v. Yeskey,
524 U.S. 206 (1998) 9

United States v. Mendenhall, 446 U.S. 544 (1980) 9-10

Youakim v. Miller, 425 U.S. 231 (1976) 9

Zivkovic v. S. Cal.. Edison Co., 302 F.3d 1080
(9th Cir. 2002) 6, 7

CONSTITUTION

U.S. Const. amend VII 1

RULES

Federal Rules of Evidence 2

Fed. R. Civ. P. 26 ..... 2, 5

Fed. R. Civ. P. 38 ..... 6, 11

Fed.R.Civ. P. 38(d) 1, 7

Fed. R. Civ. P. 39 6-7

Fed. R. Civ. P. 39(b) 1, 7, 8, 9, 10

S. Ct. R. 10 ..... 9, 10

INTRODUCTION

In its first question, the Petitioner, Athletic Alternatives, Inc. ("AAI"), asks this Court to grant certiorari to determine whether AAI "was improperly denied its constitutional right under the Seventh Amendment to a Civil Jury Trial." However, the Petition has nothing whatsoever to do with AAI's constitutional right to a jury trial. AAI waived that right when it failed to serve a jury demand. Fed. R. Civ. P. 38(d). (AAI does not contend that Rule 38(d) is unconstitutional.)

What AAI really seeks is a ruling by this Court that, under the specific fact scenario set out in its Petition, the district court should have reinstated its waived jury demand under Fed. R. Civ. P. 39(b). However, the fact scenario upon which the Petition is based is contrary to the undisputed facts below. Moreover, to even reach AAI's first question, this Court would first have to rule that the Ninth Circuit's construction of Rule 39(b) (attorney inadvertence alone is insufficient to reinstate a waived jury demand) is wrong. However, AAI did not raise that issue below, and the lower courts did not consider such issue.

AAI notes that the facts of this case (i.e., its version) involve "unique circumstances." Petition For Writ Of Certiorari at 43a (hereafter "Petition at __"). Thus, the narrow question AAI asks this Court to decide is unlikely to recur, and raises no issues of national importance. Also, the issue of how a district court should exercise its discretion on a motion to reinstate is procedural, and any current differences between the circuits are not intolerable. Moreover, the first question, even if answered in the affirmative, would not change the outcome of this case because there were no disputed facts involved in the lower court's determination of non-infringement.

The Petition misconstrues the purpose of the appellate process. AAI does not allege that the district court or court of appeals committed any error. The Petition does not ask this Court to engage in any appellate review of the lower courts' determination. Rather, it asks this Court to make factual findings and determine legal issues in the first instance.

For such reasons, the Respondent, Benetton Trading USA, Inc., ("Benetton"), respectfully urges this Court to deny certiorari with respect to AAI's first question.

AAI's second question seeks to have this Court render a guiding opinion concerning Fed. R. Civ. P. Rule 26 and the Federal Rules of Evidence. AAI does not seek any relief other than an advisory opinion. It does not allege any error by the lower courts. AAI did not seek such an opinion below. And, there are no compelling reasons why this Court should issue an advisory opinion now.

PERCEIVED MISSTATEMENTS OF FACT

Benetton respectfully perceives a number incorrect or misleading assertions of fact in AAI's Petition.

A. AAI's Failure To Serve A Jury Demand

AAI asserts that, in the July 2, 1999, Joint Proposed Case Management Plan, "both parties acknowledged that the case would be tried to a jury." Petition at 5. AAI then argues that Benetton waited "over five years" before objecting to AAI's failure to serve a timely jury demand, Petition at 11, and that by then AAI was unable to prove "whether the demand was actually 'served' on Benetton." *Id.* This version of the facts is misleading at best.

AAI served its summons and complaint on Benetton's local counsel on January 28, 1999. Petition at 41a. Local counsel signed an acceptance of service, which stated that Benetton "hereby accepts a copy of the Summons and Complaint . . . " (*See* Benetton's Memorandum In Support Of Its Motion To Strike Athletic Alternatives, Inc.'s Demand For Jury Trial, p. 2). There was no jury demand mentioned and none was served. Appendix hereto at 110a ("App. at __"). Unlike AAI's 1992 complaint against Benetton's predecessor, which demanded a jury, Petition at 43a, a jury demand was notably absent in its 1999 complaint.

As the district court found, AAI admitted that the papers it served did not include a jury demand. Petition at 41a. AAI also conceded that its failure to serve a jury demand on Benetton was due solely to attorney inadvertence or oversight. Petition at 42a-42b, at 43b, and at 44a.

AAI was required to serve a jury demand on Benetton, if it wanted a jury, by March 25, 1999. Petition at 41a-42a; Fed. R. Civ. P. 38(b). Benetton first learned that AAI was demanding a jury when, on June 30, 1999, AAI sent Benetton a draft of a Joint Proposed Case Management Plan. Petition at 41a. Benetton initially objected to including AAI's statement that a jury had been demanded, *Id.*, but based upon AAI's representation that a demand had been made, thereafter agreed to include the following the statement: "Plaintiff demanded a jury." Petition at 66a. Benetton did not, however, agree to state that AAI's jury demand was timely. *Id.*

On July 18, 1999, AAI made an untimely service of its jury demand. Petition at 44a. On October 4, 1999, in the next pleading it filed, and after counsel confirmed that they had not received a jury demand prior to July 18th, Benetton advised

the district court that, "AAI, when it filed the present lawsuit, evidently filed a jury demand. However, AAI failed to serve such demand on [Benetton], and thus has forfeited the right to a jury. Fed. R. Civ. P. Rule 38(b)." App. at 116a.

From October 1999 until December 2003, despite being on notice that it had waived its right to a jury, AAI took no action to try to reinstate it. Finally, on December 22, 2003 (and only after Benetton had filed a formal motion under Rule 38), AAI filed a motion under Rule 39 to reinstate its demand. Petition at 11. From January 1999 until December 2003, Benetton believed that, if a trial was needed, it would be a bench trial.

Thus, AAI's statement that, in the Joint Management Plan, "both parties acknowledged that the case would be tried to a jury," is untrue. The representations by AAI that, as of December 2003, it was unable to determine whether or not it had served a jury demand with the complaint, and that such inability was Benetton's fault, are also not true.

AAI's representation that "[i]n response to the motion to strike the jury demand, AAI argued that it made a timely demand for a jury trial . . . ," Petition at 8, is misleading. In response to the motion to strike, AAI argued that it had timely filed a jury demand. But, it never contended that it had timely served the demand – to the contrary, it admitted that the papers it served on Benetton's counsel included only the summons and complaint. Petition at 41a; App. at 109a-110a.

B. Preparation Of Benetton's Technical Expert

AAI asserts that Benetton's counsel "prepared all expert reports and declarations," Petition at 21, and "went so

far as to script [Benetton expert's] trial testimony." Petition at 22. Benetton's counsel admittedly assisted Benetton's technical expert, Mr. Davis, in preparing his report, as encouraged by Fed. R. Civ. P. 26. (*See* Commentary to 1993 Amendments). The opinions he was asked to give, regarding patent infringement and validity, involved mixed questions of fact and law. Mr. Davis is an engineer, not a lawyer, and without counsel's guidance as to the law he should apply, he would have been unable to render meaningful opinions. And while Benetton's counsel drafted the actual report, the opinions contained in the report were all Mr. Davis' opinions. Petition at 33a.

AAI states that, contrary to what he said in his expert report, Mr. Davis did not actually examine a Mizuno tennis racquet. Petition at 21-22. However, after AAI's counsel showed Mr. Davis a copy of his expert report, he did recall examining the racquet. (*See* trial transcript at 746-748).

There was no evidence that Mr. Davis' testimony at trial was scripted. While some of the questions in the draft question outline included answers, it was undisputed that those answers merely reflected Mr. Davis' prior deposition testimony or report.

Despite a lack of evidence, AAI's attorney vehemently argued to the district court that counsel's involvement in the preparation of Mr. Davis' report was excessive and that Mr. Davis' testimony was scripted. Petition at 32a. AAI now appears to admit that counsel's involvement was no more than normal witness preparation, Petition at 24, which is sanctioned by Rule 26. *Id*, at n.7.

C. Other Factual Assertions

AAI asserts that Benetton's expert, Mr. Davis, who designed the accused tennis racquets, did so "after being given access to AAI's ideas and prototypes under the terms of a confidentiality agreement between Benetton and AAI, in 1990." Petition at 8. AAI's implication, that Davis misappropriated AAI's ideas, is frivolous. It was undisputed in the first lawsuit (when AAI was represented by different counsel) that Benetton's predecessor abandoned AAI's design and based its product on a Taiwan patent, published prior to AAI's patent filing, showing a different design. *See* Petition at 87a. And, the fact that the court of appeals has twice held that the accused racquets do not infringe AAI's patents makes AAI's assertion that Mr. Davis copied its invention baseless.

AAI also complains that Mr. Davis denied being an expert on damages. Petition at 20. That is because he was never offered as a general expert on damages. He did, however, have extensive experience in negotiating license agreements in the field of tennis racquets. His testimony was offered on the narrow issue of what royalty rate would have been negotiated during a "hypothetical negotiation," which is the measure of a reasonable royalty in patent cases. *Minco, Inc. v. Combustion Engineering, Inc.*, 95 F.3d 1109, 1119 (Fed. Cir. 1996).

PROCEEDINGS BELOW

AAI inaccurately states that "[t]he district court ruled that AAI waived its right to a jury trial when it failed to serve its demand on Benetton in a timely manner, relying on the holding in *Zivkovic v. S. Cal. Edison Co.*, 302 F.3d 1080, 1083 (9th Cir. 2002)." Petition at 8. AAI is confusing Rules 38 and

39. Under the plain terms of Rule 38(d), AAI automatically waived its right to a jury when it failed to serve a jury demand by March 25, 1999. Petition at 41a-42a. The district court relied upon *Zivkovic* (as well as other Ninth Circuit authority) only in denying AAI's motion under Rule 39(b) to reinstate its waived jury demand.

In its Rule 39 motion, AAI did not argue that Ninth Circuit law was wrong – it primarily argued that the district court should apply Federal Circuit precedent and not Ninth Circuit precedent. Petition at 43a and App. at 111a. In its appeal to the Federal Circuit, AAI again did not argue that Ninth Circuit precedent concerning Rule 39(b) is wrong – it ignored Ninth Circuit precedent. App. at 117a - 122a.

Before the district court, AAI did not ask the court to determine the appropriate degree of counsel participation in preparing an expert's report or trial testimony, the issue it raises in its second question. AAI merely argued that counsel's participation should be considered in determining Mr. Davis' credibility, which the district court did. Petition at 32a.

On appeal, AAI argued that the district court's credibility determination had been wrong. Petition at 8a-9a. Again, it did not ask the court to rule on what constitutes the proper limit of counsel's participation in preparing an expert witnesses.

SUMMARY OF ARGUMENT

The first question presented in AAI's Petition has nothing to do with AAI's constitutional right to a jury. AAI waived that right. Rule 38(d). In substance, the Petition raises an issue with regard to reinstatement under Rule 39. How-

ever, the facts upon which AAI predicates its arguments differ from the undisputed facts below.

AAI's argument that the Ninth Circuit's construction of Fed. R. Civ. P. 39(b) unfairly deprived it of its right to a jury trial was not raised either in the district court or the court of appeals, and is thus not properly before this Court.

Even if these issues had been raised below, this would be an inappropriate case to consider them. The first question does not present any issue of national importance, because it is directed to unique circumstances, unlikely to occur again. Moreover, the first question is academic in this case, because it would not affect the outcome. The district court's determination of non-infringement of which AAI complains was based on undisputed facts. There is an alternative basis to affirm, also based on undisputed facts, which AAI did not even contest on appeal.

AAI's second question merely asks this Court to render an advisory opinion. This Court does not normally engage in that practice, and there are no compelling reasons for it do so here, particularly since AAI did not present the question below.

ARGUMENT

A. AAI's First Question Is Based On Fictitious Facts And Raises Issues Not Raised below

As discussed above, before the district court, AAI admitted that it had failed to serve a jury demand, and that such failure was due solely to attorney oversight or inadvertence. AAI now asks this Court to grant its Petition based on

the factual premise that it was unable to determine whether its jury demand had been served, and its inability to do so was Benetton's fault.

Reviewing a district court's fact finding, even if such issue had been preserved below, is normally not an appropriate basis for granting certiorari. Sup. Ct. R. 10. For such reason alone, the Petition should be denied.

Aside from the fact that AAI's new fact scenario was not raised before the district court, it is based exclusively on attorney argument. It is well settled that attorney argument is no substitute for evidence. *See Johnston v. Ivac Corp.*, 885 F.2d 1574, 1581 (Fed. Cir. 1989). Thus, there would be no proper basis for this Court to reverse the lower courts' fact finding and reach AAI's first question.

In addition, before reaching AAI's first question this Court would need to rule that the Ninth Circuit's construction of Rule 39(b), that district courts should not reinstate waived jury demands when the sole reason is attorney oversight or inadvertence, is wrong or unconstitutional. AAI did not raise this issue either before the district court or before the Federal Circuit. Although the lower courts applied Ninth Circuit law, they were never asked to determine whether such precedent was correct, and thus the lower court determinations do not include such a ruling.

It is well settled that this Court does not ordinarily grant certiorari to consider issues not raised below. *Adickes v. Kress & Co.*, 398 U.S. 144, 147 n.2 (1970); *Delta Air Lines, Inc. v. August*, 450 U.S. 346, 362 (1981); *Pennsylvania Department of Corrections v. Yeskey*, 524 U.S. 206, 212-213 (1998); *Youakim v. Miller*, 425 U.S. 231, 234 (1976); *United*

States v. Mendenhall, 446 U.S. 544, 551-552 n. 5 (1980); *Heller v. Doe*, 509 U.S. 312, 319 (1993).

Because AAI's Petition is based upon factual premises which are incorrect, and involves issues not raised below, Benetton respectfully submits that the Petition should be denied with respect to AAI's first question.

B. There Are No Compelling Reasons For Granting Certiorari In This Case

The first question presented by AAI is fact-specific, involves no constitutional issues, and is essentially procedural. As noted by AAI, the case involves unique circumstances, i.e., circumstances which are unlikely to occur again. It therefore is not of national importance.

There are no other compelling reasons to grant certiorari. AAI argues that this Court should grant certiorari because Ninth Circuit precedent differs from Tenth Circuit precedent concerning the application of Rule 39(b). *See* Sup. Ct. R. 10(a). However, there is no conflict in this case. Here, the Federal Circuit (a) chose to apply Ninth Circuit law; and (b) applied Ninth Circuit law to the facts. It did not determine that Ninth Circuit law is correct, because that issue was not raised. Thus, there is no conflict between the Federal Circuit's decision and the Tenth Circuit.

Even had AAI asserted below that Ninth Circuit precedent is different from Tenth Circuit precedent, there is no intolerable conflict. The differences relate to a narrow procedural issue – how district courts should exercise their discretion in motions for reinstatement of waived jury demands in a specific set of circumstances.

AAI states that its Petition raises constitutional issues regarding its fundamental right to a jury. It does no such thing. The district court never remotely suggested that AAI was not entitled to demand a jury in this case. AAI's fundamental right is preserved in Rule 38. This case revolved around reinstating a waived jury demand, which is not a constitutional right.

C. The Jury Issue Is Academic

The district court's finding of non-infringement did not turn on any credibility determination. The only facts upon which the district court based its decision were undisputed, and thus the outcome of the case would not have been different if a jury had made the determination.

The AAI patent is directed to tennis racquets in which the string holes lie alternately above and below the central plane. Accordingly, the ends of the strings extend from the string bed to the racquet frame alternately at plus and minus angles, i.e., "splay" outwardly.

The district court found that the accused Benetton tennis racquets did not infringe the relevant claims of AAI's patent on two distinct grounds: (1) that the "sides" of the racquet have a single splay distance, Petition at 31a; and (2) the degree of splay at the 3 and 9 o'clock positions is not greater than in the regions immediately above and below. *Id.*

On appeal, AAI contested the first ground of non-infringement. It did not contest the second ground.

The first ground of infringement turned on the issue of whether one disputed string was in the "side" or in the "corner"

of the racquet. Thus, before the issue could go to a jury, the district court needed to construe the legal meaning of such terms. *See Markman v. Westview Instruments*, 517 U.S. 370, 384 (1996).

Once the district court had construed the meaning of "sides" and "corners," there was no dispute that the accused tennis racquets did not infringe. Although the district court stated that it found Mr. Davis' testimony to be credible, AAI's expert did not dispute Mr. Davis. Petition at 31a-33a. Thus, once the district court had construed the claim, there was nothing for a jury to decide.

Moreover, AAI never disputed the district court's second ground of non-infringement. There is not even arguably any fact issue as to the second ground.

Thus, there is no compelling reason for granting certiorari, because it would not change the outcome of the case.

D. AAI's Request For An Advisory Opinion

AAI also contends that this Court should grant certiorari in order to render an advisory opinion concerning the proper limits of participation by counsel in the preparation of expert reports and expert witnesses. Petition at 23-24.

AAI did not raise this issue below, and thus it is not before this Court. Moreover, it is well settled that this Court does not issue advisory opinions. *See Flast v. Cohen*, 392 U.S. 83, 96-97 (1968). For such reasons, Benetton respectfully requests that this Court deny certiorari regarding AAI's second question.

CONCLUSION

Because AAI's first question requires fact finding, involves issues not raised below, would not change the outcome of the case, and involves only a specific, fact-based issue which is not of national importance, Benetton respectfully requests the Court to deny AAI's request for certiorari.

AAI's second question merely requests an advisory opinion of an issue not raised below, and thus Benetton respectfully suggests that certiorari should be denied as well.

Date: August 24, 2006

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APPENDIX

APPENDIX L

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF ARIZONA

No. CIV 98-1953 PHX MHM

ATHLETIC ALTERNATIVES, INC.,
An Arizona corporation,
Plaintiff

vs.

BENETTON SPORTS SYSTEM USA,
INC.., f/k/a Prince Manufacturing, Inc.
a foreign corporation,
Defendant

AAI'S RESPONSE IN OPPOSITION
TO MOTION TO STRIKE
ATHLETIC ALTERNATIVE, [sic] INC.'S
DEMAND FOR JURY TRIAL
– AND –
MOTION FOR JURY TRIAL

Plaintiff, Athletic Alternatives, Inc. ("AAI"), respectfully submits its response in opposition to Defendant's "Motion to Strike Athletic Alternatives, Inc's [sic] Demand for Jury Trial" and independently moves for a trial of all patent-related issues by jury. This response and motion are explained in and supported by the following memorandum of points and authorities, which is incorporated herein.

MEMORANDUM OF POINTS AND AUTHORITIES

The right to a trial by jury is based on the Seventh Amendment to the United States Constitution. That right applies to a patent holder's claims of unlawful infringement. *Texas Instruments, Inc. v. Cypress Semiconductor Corp.*, 90 F.3d 1558, 1569 n.10 (Fed. Cir. 1996). Constitutional rights are not generally waived, except pursuant to strict criteria. Among other things, a constitutional right is not "waived" unless there is a knowing, voluntary, and deliberate decision not to make such a waiver. Although many standards, could be cited, they all require a threshold level of deliberate intent. "[I]n any proceeding involving the surrender of Constitutional rights, it must appear from the record that the waiver was knowing, intelligently and voluntarily made. Such condition of mind, moreover, will not be presumed from a silent record." *Daniel Y. v. Arizona Dept. of Economic Sec.*, 409 Ariz. 21, 25, 617 P.2d 1137, 1141 (1980). No such decision occurred in this case. Exhibit A, Declaration of James Speros, para. 4.

This case is unique in its procedural history to date, and distinguishable from cases that might arguably suggest there has been a waiver here, even if Mr. Speros' declaration were to be disregarded. First, litigation between these parties has existed in one form or another since at least 1992. In at least one of the earlier cases, a jury trial was demanded. *See* Exhibit B. Thus, it would have been reasonable to anticipate that a similar demand was made in this case. Second, in this case, a jury trial was demanded, and a notice to that effect was filed with the Court. Docket No. 2. (Because AAI made an effort to settle and resolve its disputes without ever burdening the Court, it transmitted the complaint to local and national counsel, in late 1998. That transmission was not intended to constitute service of process. It was an attempt to invite early

and sincere settlement discussions. Later, in January 1999, after it became apparent that Defendant had no interest in discussing a resolution without engaging in extensive motions practice, the complaint was served by mailing it to local counsel, who signed acceptance of service. Thus, service was not accomplished through the traditional process server or service on a statutory agent.)

Third, as Benetton acknowledges in its motion, unlike any authority cited, in the jointly filed Case Management Plan (Docket No. 8) both parties state that a jury trial has been demanded. This position is consistent with what can infer from the pending motion, which is that Defendant, in addition to the prior notice an demand for a jury trial, knew that a jury was demanded in this case. Indeed, Defendant's motion and memorandum are silent and do not offer any substantial evidence to the contrary. The defendant's papers are also silent as to any prejudice it would endure if a jury trial is allowed, because there is, and could be, none. Traditionally, any additional efforts or time required by a jury (as opposed to a bench) trial do not constitute "prejudice."

Defendant seeks the blind application of a technicality, which admittedly has some very limited and superficial support in the case law, but which under the unique circumstances of this case would be entirely inequitable to apply. In addition to the other unique features of this case, even though the case was filed in 1998, only limited discovery has occurred, initial disclosures were not made until last month, and not a single deposition has been taken. Thus, "service" of the demand on July 18, 1999 rather than March 26, 1999 (assuming Benetton's dates to be accurate) is not a material defect.

The Ninth Circuit, in some cases, applies a seemingly Draconian rule as to jury trial demands. As illustrated above, however, this case is distinguishable for many reasons. In addition, as illustrated in several cases, the rule is not nearly as omnipotent as the defense would argue. For example, in *Wall*, where the plaintiff merely checked a box on a civil cover sheet, the other parties would have no way of discovering the jury trial demand without retrieving that cover sheet, which was not served and was not independently discernable as a "jury demand" from the Court's docket. Here, whether defense counsel followed the common practice of checking the Court's electronic docket upon being engaged (or served) or not, the jury demand shows up in a separately file document, readily discernable in the record. Docket No. 2. Additionally, in order to accept Benetton's argument that it did not "unambiguously and determinedly" consent to a jury trial, the defense must submit affidavits from the persons most knowledgeable, including its lawyers, that it did not know of the jury demand in time to receive reasonable notice. (AAI also notes that it is unfair and inequitable to apply a standard like "unambiguously and determinedly" to Benetton's "consent," but not apply the same, a substantially similar, or an even higher standard to test whether AAI waived its constitutional right.)

And perhaps most important for this Court's analysis, controlling precedent is that of the Federal Circuit, not the Ninth Circuit. Among other things, in the Federal Circuit (and the U.S. Supreme Court), for patent cases, the Court's discretion "'must, whenever possible, be exercised to preserve jury trial.'" *E.g., Cabinet Vision v. Cabinetware*, 129 Fed [sic] 595, 600 (Fed. Cir. 1997). And, although the Federal Circuit will consider the law of the regional circuit on this question, it must be kept in mind that, as a general rule, "a court must indulge every reasonable presumption against a finding of

waiver" and "ambiguity should be resolved against inferring waiver." *Id.* at 601. The Ninth Circuit also recognizes this presumption. *See Mondor v. United States District Court*, 910 F.2d 585 (9th Cir. 1990).

In addition, Rule 38(b) is procedural, as are all of the Federal Rules of Civil Procedure. But the constitutional right of trial by jury can hardly be described as a "mere procedural right." Benetton does not dispute that this subject is directed to the Court's discretion. *See* Rule 39(b), Federal Rules of Civil Procedure. The majority of courts, upon motion for a trial by jury, consider the following factors: "(1) whether there will be any prejudice to the opposing party in granting the relief; (2) whether granting the request for a jury trial will delay the trial or otherwise disrupt the proceedings; and (3) whether granting the request will have a negative effect on the court's calendar or the administration of justice." *Ruiz v. Rodriguez*, 206 F.R.D. 501, 504-505 (E.D. Cal. 2002). Under the unique circumstances of this case, discretion can be exercised by protecting a party's constitutional rights. In fact, the discussion and conclusion of the California District Court in *Johnson v. Dalton*, 57 F.Supp. 2d 958, 960-61 (C.D. Cal. 1999), is persuasive and would be instructive with respect to this case. The main difference is that here a formal jury demand was timely made and filed, unlike the circumstances in *Johnson*.

The fact of the matter is that the original demand was timely filed, Defendant undisputedly received notice of it before it undertook discovery or even made a disclosure, and clearly Defendant will suffer no prejudice as result of this case being heard in accordance with AAI's constitutional right to a jury trial.

For all the reasons stated above, AAI's timely made jury demand should be enforced. In the alternative, AAI's motion for a trial by jury for all claims and issues remaining in this action should be granted.

RESPECTFULLY SUBMITTED this 22nd day of December, 2003.

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APPENDIX M

UNITED STATES DISTRICT COURT
DISTRICT OF ARIZONA

No. CIV98-1953 PHX RGS

Athletic Alternatives, Inc.
Plaintiff

vs.

Prince Manufacturing, Inc.,
Defendant

REPLY BY DEFENDANT, PRINCE SPORTS GROUP, INC. IN SUPPORT OF ITS SUMMARY JUDGMENT MOTION AND OPPOSITION TO CROSS MOTION FOR SUMMARY JUDGMENT

• • •

VII. AAI HAS NO ANSWER TO PRINCE'S SHOWING THAT CLAIMS 1-2 AND 8-9 ARE INVALID OVER THE PRIOR ART

AAI does not dispute the fact that the only difference between the prior art Martel racquet and claims 1-2 and 8-9 is that the '731 claims recite the use of an even number of main (longitudinal) strings, whereas Martel does not explicitely state whether an even or odd number of main strings are used. AAI Opp. at 16. Prince submitted the Davis declaration to show that every tennis racquet on the market, as of the date of

filing of the AAI '731 patent, had an even number of main strings, and therefore it would have been obvious to a person skilled in the art to use an even number of main strings. Given the fact that there are only two possibilities, an odd number of main strings or an even number of main strings, and given the fact that persons skilled int eh art always used an even number of main strings, Prince submitted that the use of an even number of main strings would have been at least one of the obvious choices.

As best understood by Prince, AAI makes three arguments why summary judgment of invalidity should not be granted as to claims 1-2 and 8-9: (1) that this Court is precluded from relying upon the Martel reference, because Martel was considered by the PTO during the reexamination proceeding (AAI Opp. at 16-17); (2) Courts can never grant summary judgment based on obviousness (AAI Opp. at 17); and (3) that Prince offers no evidence to support its contention that "every tennis racquet on the market had an even number of main strings." *id.*

...

AAI's second argument is also without merit. *See, Union Carbide Corp. v. American Can Co.*, 724 F.2d 1567 (Fed. Cir. 1984), in which the Federal Circuit affirmed the grant of summary judgment of invalidity for obviousness. Finally, AAI's contention that Prince presented no evidence that all tennis racquets on the market when the AAI patent application was filed used an even number of main strings is both irrelevant and without merit. Mr. Davis, a person skilled in the art with significant experience as of 1988 (the date when the original AAI patent application was filed), testified to [sic] that he was unaware of a single racquet on the market as of

1988 that used an odd number of main strings. AAI has presented no evidence to rebut such testimony (Prince assumes that AAI presented no such evidence because AAI is well aware, based upon its own licensing activities in the tennis field, that Mr. Davis' testimony is true, and therefore this court[2] would have no evidentiary basis to find otherwise. Moreover, the relevant issue is not whether each and every tennis racquet on the market had an even number of main stringts, but whether persons skilled in the art would have been aware of such tennis racquets. This conclusion cannot be disputed.

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2 AAI, when it filed the present lawsuit, evidently filed a jury demand. However, AAI failed to serve such demand on Prince, and thus has forfeited the right to a jury. Fed.R.Civ.P. Rule 38(b)

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RESPECTFULLY SUBMITTED this 4th day of October, 1999.

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APPENDIX N

05-1378

UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

ATHLETIC ALTERNATIVES, INC.,
Plaintiff-Appellant

v.

BENETTON TRADING USA, INC.
(formerly known as Benetton Sportsystem USA, Inc.
and Successor In Interest to Prince Manufacturing, Inc.)
Defendant-Appellee

Appeal from the United States District Court for the District of Arizona In Case No. 98-CV-1953, Judge Mary Murguia

SECOND CORRECTED
APPELLANT'S OPENING BRIEF

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...

F. The District Court Erred In Denying AAI a Jury Trial

AAI made a timely jury demand. It was filed on October 28, 1998, with the complaint. (A 1021-1022) The parties understood a jury trial was on the agenda as demonstrated by the Joint Proposed Case Management Plan, dated July 2, 1999, signed by both sides.[13] (A5099)

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13. Prince claims it did not actually receive the jury demand *from* AAI until July 18, 1999. This makes credibility of its lead trial counsel an uncommonly important feature of this case. *See* related discussion, *supra* at pp. 32-39.

Whether the trial would be to a jury was not an issue until this case had been pending for years. Prince moved to strike the jury demand on or about December 3, 2003. (Docket No. 135) Although Prince had actual notice of the demand, it claimed it never received the demand and because original service occurred by counsel's acceptance of service, AAI did not have proof as to whether the demand was actually served or not.

The right to a trial by jury is too important to be cast aside for a procedural technicality (assuming there was a failure to serve the demand). It is based on the Seventh Amendment to the United States Constitution. That right applies to a patent holder's claims of unlawful infringement.

Texas Instruments, Inc. v. Cypress Semiconductor Corp., 90 F.3d 1558, 1569 n.10 (Fed. Cir. 1996).

Constitutional rights are not generally waived, except pursuant to strict criteria. Among other things, a constitutional right is not "waived" unless there is a knowing, voluntary, and deliberate decision to make such a waiver. Although many standards could be cited, they all require a threshold level of deliberate intent. "'[I]n any proceeding involving the surrender of Constitutional rights, it must appear from the record that the waiver was knowingly, intelligently and voluntarily made. Such condition of mind, moreover, will not be presumed from a silent record.'" *Daniel Y. v. Arizona Dept. of Economic Sec.*, 206 Ariz. 257, 77 P.3d 55, 59 (Ct. App. 2003)(quoting *State v. Avila*, 127 Ariz. 21, 25, 617 P.2d 1137, 1141 (1980). No such decision occurred in this case. (Declaration of James Speros, attached to Plaintiff's Response to Motion to Strike Plaintiff's Demand for Jury Trial, para. 4 (A 1081)

In ruling that AAI was not entitled to or had waived its right to a jury trial, the district court mechanically applied a technical procedural "rule" while ignoring both the importance of the right and the absence of *any* evidence supporting an actual waiver by AAI. Also, the district court ignored the legislatively mandated policy of ensuring AAI's right to a jury trial. *See, e.g.*, 28 U.S.C. §1861 ("It is the policy of the United States that all litigants in federal courts entitled to trial by jury shall have the right to . . . juries selected at random from a fair cross section of the community . . . ").

This case is unique in its procedural history, and distinguishable from cases that might arguably suggest there was a waiver. First, litigation between these parties existed in one form or another since at least 1992. In the 1992 case, a jury

trial was demanded. Thus, it would have been reasonable to anticipate that a similar demand was made in this case.

Second, in this case, a jury trial was demanded, and a notice to that effect was filed with the district court. (A 1021-1022) Because AAI made an effort to settle and resolve its disputes prior to resuming formal litigation, it transmitted the complaint to local and lead counsel, in late 1998. That transmission was not intended to constitute service of process. It was an attempt to initiate early settlement discussions. Later, in January 1999, after it became apparent that Prince had no interest in discussing a resolution without engaging in extensive motion practice, the complaint was served by mailing it to local counsel, who signed an acceptance of service.

Third, unlike in any authority cited to the district court, in the jointly filed Case Management Plain (A 5099), both parties acknowledged that a jury trial was demanded. This position is consistent with what one can infer from Prince's motion, which is that Prince, in addition to the prior notice and demand for a jury trial, knew that a jury was demanded in this case. Indeed, Prince's motion and memorandum were silent and did not offer any substantial evidence to the contrary. Nor did Prince's papers allege any prejudice it would endure if a jury trial was allowed because there is, and could be, none. Traditionally, any additional efforts or time required by a jury (as opposed to a bench) trial do not constitute "prejudice."

In the Federal Circuit (and the U.S. Supreme Court), for patent cases, the Court's discretion "'must, whenever possible, be exercised to preserve jury trial.'" *E.g., Cabinet Vision v. Cabinetware,* 129 F.3d 595, 600 (Fed. Cir. 1997). And, although the Federal Circuit will consider the law of the regional circuit on this question, it must be kept in mind that, as

a general rule, "a court must indulge every reasonable presumption against a finding of waiver" and "ambiguity should be resolved against inferring waiver." *Id.* at 601.

Rule 38(b), Federal Rules of Civil Procedure, is procedural; however, the constitutional right to a trial by jury can hardly be described as a "mere procedural right." Prince did not dispute that this subject is direct to the court's discretion. *See* Rule 39(b), Federal Rules of Civil Procedure. The majority of courts, upon motion for a trial by jury, consider the following factors: "(1) whether there will be any prejudice to the opposing party in granting the relief; (2) whether granting the request for a jury trial will delay the trial or otherwise disrupt the proceedings; and (3) whether granting the request will have a negative effect on the court's calendar or the administration of justice." *Ruiz v. Rodriguez*, 206 F.R.D. 501, 504-505 (E.D. Cal. 2002). Under the unique circumstances of this case, discretion should have been exercised to safeguard the right to a jury trial. *See, e.g., Johnson v. Dalton*, 57 F.Supp. 2d 958, 960-61 (C.D. Cal. 1999).

CONCLUSION

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Finally, the Court as part of its remand should order that AAI's right to a jury trial be upheld for all issues triable as a matter of right.

RESPECTFULLY SUBMITTED this 20th day of December, 2005.

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